

Fiscal Note

Fiscal Services Division



HF 189 – School District Property Tax (LSB 2076HV)

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Fiscal Note Version – New

Description

[House File 189](#) provides property tax relief to school districts that will be eligible for the FY 2012 budget guarantee. The Bill provides State funding in place of local property tax dollars in the amount of the budget guarantee for eligible school districts.

Background

School districts with enrollment changes that do not increase the district's regular program budget when factored with the allowable growth rate, may be eligible to receive a budget guarantee provision generated through the school finance formula. The budget guarantee is a discretionary provision requiring local school board approval and is funded entirely through local property taxes.

Assumptions

The FY 2012 allowable growth rate has not currently been enacted. Establishment of the allowable growth rate for FY 2012 will impact the amount of State General Fund dollars that will be provided as a result of enactment of this Bill. These estimates do not factor in any school district consolidations or reorganizations that may occur in FY 2012.

Fiscal Impact

The following table provides the fiscal impact of HF 189 at various allowable growth rates. The estimate at a 0.0% allowable growth rate will result in a State General Fund expenditure increase of \$47.8 million and a property tax reduction for 277 districts totaling \$47.8 million.

FY 2012 Allowable Growth Rate	Estimated Impact (Dollars in Millions)			
	State General		Property Tax Reduction Amount	Number of Districts Impacted
	Fund Amount for Property Tax Reduction			
0.0%	\$	47.8	\$	277
1.0%		30.0		243
2.0%		17.8		201
3.0%		10.6		166
4.0%		6.8		128

Sources

Department of Education, Certified Enrollment file
Department of Management, School Aid file
LSA analysis and calculations

/s/ Holly M. Lyons

February 7, 2011

The fiscal note for this bill was prepared pursuant to [Joint Rule 17](#) and the correctional and minority impact statements were prepared pursuant to Iowa Code [Section 2.56](#). Data used in developing this fiscal note is available from the Fiscal Services Division of the Legislative Services Agency upon request.
